

Budgets are Moral Documents

It's Time to Talk about the Transportation Sales Tax

Ian Thomas: 30 September, 2018

Tomorrow marks the start of the City of Columbia's 2019 fiscal year. It will be a bad year for residents who depend on city buses to get to work, school, and services.

Earlier this month, City Council approved severe budget cuts to transit service, despite testimony from dozens of residents about the devastating impact this action would have on their quality of life and ability to function. Some of these residents are blind, others have physical and cognitive disabilities, while many more cannot afford to own a car.

In this article, I will present the background to the cuts, explain why this decision directly counteracts the City's "social equity" strategy (as outlined in our 2016-19 Strategic Plan), and propose an alternative approach rooted in the idea that the City budget is a moral document.

Bus System Finances

Transit service is defined as an "enterprise fund" in the City budget, meaning it is run like a small business and we have to balance revenues and expenses.

Expenses include driver wages, vehicle purchase and maintenance, and amenities such as bus shelters. Revenues consist of a portion of the City's "Transportation Sales Tax" and federal grants (which match the local funding), with fares making up 10-20% of the budget.

In recent years, the transit fund has run a deficit. Staff costs such as health care benefits have increased while sales tax revenues have declined due to the shift towards Internet shopping. The fund has eaten into its reserves and will be insolvent within 1-2 years unless we reduce costs or increase revenues.

This is why the City Manager proposed the following service cuts, which have been adopted by Council:

- Last hour of service (7-8pm) will be discontinued immediately;
- Neighborhood loops will be discontinued in June, leaving large areas of Columbia without service;
- Bus frequency on trunk routes will be reduced in June and Saturday service will be discontinued.

Para-transit service for people with disabilities narrowly survived the cuts – rides will still cost \$2 and all areas within City limits will continue to be served. However, this is a temporary reprieve, because the account is still in deficit.

Transportation Sales Tax

For every dollar of retail sales in Columbia, one half-cent goes to the Transportation Sales Tax (TST), generating about \$12 million per year.

For many years, TST revenues have been divided among three modes of transportation – 50% for road maintenance, 25% for transit operations, and 25% for Columbia Regional Airport.

I supported this large public subsidy for the airport when it was struggling, several years ago. A viable commercial airport a short drive away is beneficial for the University and local businesses with national and international operations. It is also a convenience for residents, including myself!

However, in the last ten years enplanements have increased ten-fold and there are now sixteen departures and arrivals every day. In addition to \$3 million annually in TST revenues, the airport receives \$700,000 from the Lodging Tax increase passed by voters in 2017. It is also in line for federal grants totaling tens of millions of dollars within the next few years, for construction of a new terminal.

With the improved financial condition of the airport, and the dire situation for transit, I believe it is time to reconsider the 50:25:25 allocation of TST funds.

Budgets are Moral Documents

As has been attributed to Martin Luther King Jr., “Budgets are moral documents.”

Members of the City Council are elected to make decisions that impact all Columbia residents. We listen to voters, bring our own technical knowledge and experience to the table, and pass ordinances, which reflect the morality of the community. The adopted transit cuts and future Para-transit cuts and fare increases (inevitable unless we identify additional revenue) will cause severe hardship to our most vulnerable residents. I believe it is immoral to make that decision when we have fairer, better options available.

Therefore, I call on Columbia taxpayers to look at the Transportation Sales Tax (TST) through a moral lens. The TST is regressive because poor families contribute a much larger proportion of their weekly income in sales taxes than the wealthy - is it moral to use these revenues to subsidize airport operations which provide no benefit to poor residents, while cutting transit service?

If one-third of the \$3 million airport subsidy were re-allocated to transit, we could reverse the cuts and invest in improved service on our “Black” and “Gold” trunk routes, which have high ridership and propensity for growth. The airport could replace that funding by charging \$5 per day for parking (currently free) and a bus service to the airport could give travelers another option.

Please email me at ward4@como.gov to let me know how you think the City Council can make the most moral decision – or leave a comment below.

Ian Thomas is Columbia's Fourth Ward City Councilman